

ALLIANCE DATA SYSTEMS CORP
 Form 4
 February 07, 2005

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL
 OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 SCULLION JOHN W

2. Issuer Name and Ticker or Trading Symbol
 ALLIANCE DATA SYSTEMS CORP [ADS]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 17655 WATERVIEW PARKWAY
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 02/03/2005

____ Director _____ 10% Owner
 Officer (give title below) Other (specify below)
 President-Loyalty Group / CEO-Loyalty Group

DALLAS, TX 75252-8012

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------|---|---|--|-----------------------------------|
| | | | Code | V Amount (D) Price | | | |
| Common Stock | 02/03/2005 | | A ⁽¹⁾ | 7,514 A (1) | 26,769 | D | |
| Common Stock | 02/03/2005 | | A ⁽²⁾ | 7,514 A (2) | 34,283 | D | |
| Common Stock | 02/03/2005 | | A ⁽³⁾ | 17,778 A (3) | 52,061 (4) | D | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form

SEC 1474 (9-02)

displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| Employee Stock Option (Right to Buy) | \$ 41.32 | 02/03/2005 | | A ⁽⁵⁾ | 20,872 | ⁽⁵⁾ 02/03/2015 | Common Stock | 20,872 |

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

SCULLION JOHN W
17655 WATERVIEW PARKWAY
DALLAS, TX 75252-8012

President-Loyalty Group CEO-Loyalty Group

Signatures

Leigh Ann K. Epperson, Attorney
in Fact

02/07/2005

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) The new grant is for 7,514 shares of performance-based restricted stock, which may be adjusted up or down at the time the restrictions lapse. The restrictions may lapse based on the performance of the Company relative to the S&P 500 measured as of 12/31/05.
 - (2) The new grant is for 7,514 shares of time-based restricted stock. The restrictions will lapse on 2,479 shares on each of 2/3/06 and 2/3/07, and on 2,556 shares on 2/3/08.
 - (3) The new grant is for 17,778 shares of time-based restricted stock. The restrictions on 5,926 shares will lapse on each of 12/9/05, 12/9/06, and 12/9/07.
- The total number of securities beneficially owned includes: (a) 14,000 out of an original 35,000 shares of restricted stock granted 9/1/00, which is fully vested; (b) 5,255 shares of performance-based restricted stock granted 2/2/04, of which 0 shares are vested; (c) the new grant for 7,514 shares of performance-based restricted stock; (d) the new grant for 7,514 shares of time-based restricted stock; and (e) the new grant for 17,778 shares of time-based restricted stock.

Edgar Filing: ALLIANCE DATA SYSTEMS CORP - Form 4

- (5) The new option is for 20,872 shares, of which 6,887 shares will vest on each of 2/3/06 and 2/3/07 and 7,098 shares will vest on 2/3/08.

The total number of derivative securities beneficially owned includes: (a) an option for 58,333 shares granted on 12/1/1998, which is fully vested; (b) an option for 80,000 shares granted on 9/1/00, which is fully vested; (c) an option for 74,715 shares granted on 6/8/01, which

- (6) is fully vested; (d) an option for 35,723 shares granted on 6/24/03, of which 11,789 shares vested on 6/23/04, 11,789 shares will vest on 6/23/05, and 12,145 shares will vest on 6/23/06; (e) an option for 34,735 shares granted on 2/2/04, of which 11,463 shares vested on 2/2/05, 11,463 shares will vest on 2/2/06 and 11,809 shares will vest on 2/2/07; and (f) the new option for 20,872 shares.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.